

April 8, 2002

## **Mayor's State of the City Report**

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In January 2002, a team of Annapolis citizens involved in banking and investment examined the city's cash flow projection for the next four years. They concluded that "barring a cataclysmic local, regional or national event," the City of Annapolis, based on its property tax base, is in a sound financial position for the next four years.

This premise was supported by Standard & Poors Index, who, on November 30, increased the City's bond rating to AA, based on the strength of its maritime industry and visitor population.

Annapolis, our Capital City, is a vibrant community in every sense of the word. Citizens want to be, and are, involved in the best of participatory democracy. Annapolitans exhibit an open-minded and imaginative approach to getting things done. The enthusiasm for local events, the arts, our heritage, our maritime industry and historic landmarks are testimony to the notion felt by so many that "this is the community where I want to live."

A number of those activists are here tonight. They are members of my transition teams, and they reflect not only the commitment, but the diversity, talent and professional skills of those who give so much of themselves to their home town.

Every day I meet people who have visited our Capital City and, in a singular experience, determine "I want to live here." They really don't even have to visit. Barron's Magazine, on March 25th of this year, identified Annapolis as one of the top 20 places in the world to live, joining Walking Magazine and the American Association of Retired Persons, in recognizing the special character of Annapolis. So it really isn't much of a secret. Every day, I meet people who have fulfilled that dream and are new residents.

Maintaining quality of life is the challenge addressed in every neighborhood, where the spirit of community is nurtured. Each neighborhood has its strengths and its challenges, all different. But the "caring community," matched with standards of excellence we set for ourselves, helps each through its difficulties. This is a common thread woven through the fiber of those who live here, and those who deliver municipal services on their behalf.

There are some I want to recognize who not only work for the City, but also carry their professional duties into community service. Corporal Brian Della, our Employee of the Year, has developed a summer program for the youth of our community in organized recreational activities like fishing. This very successful initiative will be back again this year, touching even more young lives, while showing the positive role models of our public

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safety officials.

At the suggestion of Alderman George Kelley, our Department of Recreation is implementing a track and field program to reach promising young athletes with structured and focused after school activities.

Our Department of Transportation is connecting the community with more than buses. They have organized a collection for used bicycles for distribution in some of the less privileged households. And one of our newest employees, Marisa Calista, captured the imagination of some fourth and fifth graders at Annapolis Elementary with an Arbor Day poster contest, reinforcing the importance of trees to our environment. You probably admired their display when you came here tonight. She is also a public servant who found another way to have a positive impact on others.

Yet another example of the "caring community" attitude is the dedication of the City Planning staff, seasoned professionals who represent the best in what government service should be. When faced with the task of securing the best elements for the new Bloomsbury Square public housing project, in a very short period of time, they worked directly with the Governor's staff and, at Governor Glendening's urging, developed a new design to make this project achieve the same high standards, while sensitive to tenant concerns and environmental impact, that any other development in this City would have. The result is a model of urban planning. It emerged from the partnership between this city and the state government -- the first of its kind -- because both were determined to meet the highest standards for this city and its residents.

Another first for the Annapolis City government is the cooperation with County officials on the development of Parole. For the first time in over ten years of planning and deliberation by county officials and residents, a city representative, Alderman Classie Hoyle, is an active participant of the Parole Committee. Support for a Parole Heritage Trail and job skill training center for Annapolis residents are emerging from this cooperative partnership. Other entities who are stepping up to work with us in partnership on matters of mutual concern and jurisdiction are the Naval Academy, the State Highway Administration, the Department of Natural Resources, and the National Historic Trust. They have joined with citizen volunteers and our staff to clear up our waterways and develop distinctive gateways to Annapolis along Aris Allen Boulevard and West Street. These efforts are crucial to securing our economic vitality, challenged by the development of the edge city of Parole, which is essential to maintaining the quality of life.

That people feel passionate about their city is demonstrated in the willingness of so many to explore, examine, advise, and implement actions to reinforce high standards for our community. 120 citizens did that by participating on transition teams. Others are serving on committees for the Knighton Garage, West Street MX zone, Historic Resource Center, Heritage Tax Credits, Arts in Public Places, the St. Clair Wright lecture series, Rowe Design Committee, Sister City Committee, an Affordable Housing commission, a Violence Prevention week, and a number of other voluntary efforts. These are the vehicles of citizens eager to participate.

This outreach and willingness to give generously of themselves will be manifested in the creation of the Annapolis Foundation. This organization is dedicated to supporting scholarships and charitable programs, such as the Hearts and Soles shoe drive, which gave children the opportunity to help other youngsters and learn the value of giving first hand.

In City Hall, we've taken a good look at how we deliver our municipal services. A new community-facing management model has been introduced to establish the organizational flow of service delivery. Interdepartmental teams with common environmental jurisdictions are meeting regularly to review their

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overlapping concerns. This will be a model for other areas, such as development and transportation, where several departments have interests in various aspects of an issue. These face to face meetings and working relationships better serve our customer.

This new approach to management has been enhanced by weekly reports shared among department heads. Like the ad campaign from a few years back, we've found that when we "keep the conversation going" with good communication among ourselves, we maximize our performance ability.

This conversation involves our constituents, and we are finding how effectively, quickly and comprehensively we can communicate through our city web site. By studying what other municipalities offer, and by learning what people who come to our site are looking for, we have completely revamped this medium to be an almanac of information about our City, and a directory of services it offers.

We are taking this a step further with the installation of "push technology," which will permit us to go to you on issues you've asked about, rather than waiting for you to check in with us. Taken even further, as interest and use develop, this technology can be applied to neighborhoods and community associations. It will allow them to communicate with each other, and develop their own sites as a part of the city's. We've seen how other municipalities do this to strengthen community interaction, and we know how we can apply it here.

Doors have been opened for new partnerships that should strengthen our quality of life in the future. Yet challenges loom.

The events of 9/11 call for charting new directions — new demands for equipment and personnel and to support those who are our first line of defense. So the first goal to be addressed is the protection of our citizens. The primary focus of this budget reflects our concerns for public safety, recommended by our Security Transition Team, which included representatives from Annapolis police and fire departments, state police, Coast Guard, USNA, Anne Arundel County Sheriff, Harbormaster, Maryland Emergency Management Agency and the State's Attorney's Office — through our own Alderman, Dave Cordle. It was chaired by Admiral Ron Marryott.

This budget calls for six new public safety staff positions, new benefits packages, new equipment, and the first step towards an upgraded facility to meet new technological needs. These enhancements represent a \$2.5 million increase in addressing public safety concerns.

This commitment will complement our aggressive pursuit of federal and state dollars to meet another two million dollar outlay over the next four years, as recommended by the task force.

Already our efforts have resulted in a new formula with MEMA, identifying Annapolis as a separate entity, leading to new dollars. An enhanced DNR police facility at the harbor will strengthen our security presence there, and we are in the process of working with the State to bring this to fruition.

Of all of these expenditures, I take the most personal satisfaction in our promising negotiations to make the retirement and health benefits of our public safety personnel competitive with other jurisdictions, and worthy of their professionalism. As Alderman Cynthia Carter so aptly says, "We need to take care of those who are taking care of us." I am proud to say this budget allows us to do that.

Security involves us all, the professionals, the advisors, the businesses and the citizens themselves. That is why I'm excited about the first of our community forums, which bring everyone together. The Annapolis

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Collaborative Process, modeled on a concept devised by the Wharton School, will focus upon the first two blocks of West Street and will involve our police, residents, and businesses to develop partnerships in community policing. This will occur next month, and based upon this experience, we will look at other neighborhoods to organize with ongoing dialogue and collaboration.

The same transition team that evaluated our strong fiscal base also identified where we need to bolster our efforts, and that is in economic development.

We recognize Annapolis is a city of small businesses. Shops, services and family owned operations have been our mainstay for generations, the result of our maritime heritage, our status as a county seat and state capital, and historic landmark. Our architectural character supports this bulwark of our economy. But we cannot be complacent with what we have. To ensure the vitality of our business sector, we have to aggressively pursue opportunities for new and existing businesses. We are forewarned about the impact of the development in outlying Parole. Numerous studies indicate that "edge cities," which spring up on the outskirts, drain the lifeblood of historic communities, and we must take measures to protect, and even enhance, our own business districts.

Historic preservation and restoration will allow greater use of downtown buildings, bringing a wider variety of uses and a 24 hour presence, which will also create a safer community. Attractive gateways, cooperative marketing, and establishment of business "identities" are all things that make downtown a more appealing destination.

These things don't just happen. It takes professionals, working with all segments of business development, to give us the positive climate, the mix of diversity, that allows the business community to flourish. We need to provide support for minority group citizens who need help in starting or sustaining a business.

Therefore, I am bolstering our economic development office with two new positions.

One of the amazing things about the thirteen transition teams, all with different agendas and missions, is that they reached some of the same conclusions, and offered some of the same solutions to the challenges they addressed.

Many of them identified sources of funding to augment existing programs. This funding came from other governments, private foundations, and corporations. They identified resources that could be in-kind services and partners. This was true with after school and enrichment programs, senior citizen services, drug counseling, mentoring at-risk youth, and assimilation for our growing Latino population. We were fortunate that Alderman Josh Cohen, through his work in the Hot Spots program, was able to bring professional expertise to his team. As the Rev. Johnny Calhoun said, he "went far beyond the second mile" to facilitate their efforts.

What each team called for was a personal presence. Someone to help bring new programs and improve cooperate efforts with County and private agencies. They all recognized we need to be a better job at enhancing the infrastructure for personal development.

Therefore, I am proposing a new position of Community and Social Programs Coordinator.

Public and affordable housing are major challenges that cannot be ignored. In Annapolis, neighborhoods are the components of our city's soul. Neighborhoods are intertwined in our lives, not remote and isolated colonies.

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Citizens go to school here, they play in recreation leagues and they work in businesses together. So it is in all of our best interests to see that the atmosphere and the living conditions are improved, and the aspirations and opportunities for all who live in public and subsidized housing are achieved. My administration is committed to this goal.

Transition teams on affordable housing and violence prevention have agreed to continue work over this year, with the Community and Social Programs Coordinator, to bring forward more comprehensive plans for action.

Admittedly, I'm impatient. I wish I could tackle every one of the items in my agenda for action this week. But I recognize it is impossible to address all of our challenges at once.

The budget I have prepared places public safety — and those entrusted to preserve it — first. It enhances economic development, without which these goals could not be reached. It begins to build the foundations of a caring community. It gives us the opportunity to develop better means of delivering municipal services. And it also reflects our ongoing commitment, through grants, to institutions that also serve the community.

Striking the balance to preserve and enhance our cherished quality of life, which is revered in our arts, recreational facilities, heritage sites and educational resources, is part of our commitment to public service. For these activities give dimension to our souls, and in many ways define who we are, and what we can be.

In a few weeks, we are going to be welcoming the Volvo Ocean Race fleet. The eyes of the world will be upon our shores, and it will be a glorious celebration. I would like to express my personal appreciation to Alderman Michael Fox for the effort he has put into coordinating the City's role. This prestigious international event brought \$29 million to the region four years ago. Annapolis was judged a premier stopover because of the welcoming, enthusiastic and positive spirit of our citizens. When this occurs again, the world will get a peek at what we all realize is a very special place, a place where people want to live.

I'm proud of that recognition. We deserve to be known as America's Sailing Capital. But it is just as important to me, as I know it is to most of you, that we are something else — the Caring Community. That is every bit as significant, and the source of infinitely more pride. With your help, and with the steps this budget will allow us to take, we will carry that distinction in our hearts.

Respectfully submitted

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Ellen O. Moyer, Mayor

## Changes from the FY 2003 Proposed to the FY 2003 Adopted Budget

The Mayor's State of the City Report is presented to the City Council and the Citizens of Annapolis as an accompaniment to the Mayor's Proposed Operating Budget and Capital Improvement Program. The State of the City Report highlights the Mayor's major initiatives and goals contained in the proposed budget for the upcoming year, focusing on the proposed property tax rate, organizational changes, and major capital projects. Once the Mayor's proposed budget has been presented to the City Council, the Council may then propose amendments to the Mayor's budget; these amendments are voted on during the City Council meeting at which the budget is adopted.

The Mayor's State of the City Report on the preceding five pages includes projects and changes that the Mayor had incorporated into her proposed budget; some of these were modified, replaced, or eliminated by the City Council when the budget was adopted.

Changes from the proposed budget to the adopted budget are as follows:

<i>Adjustments to Revenues</i>	<i>From</i>	<i>To</i>	<i>Change</i>
<b>Proposed FY 2003 Revenues</b>			<b>\$55,571,820</b>
No changes	0	0	0
<b>Adopted FY 2003 Revenues</b>			<b>\$55,571,820</b>

<i>Adjustments to Expenditures</i>	<i>From</i>	<i>To</i>	<i>Change</i>
<b>Proposed FY 2003 Expenditures</b>			<b>\$55,571,820</b>

1	Provide a grant to AA County EOC	0	20,000	20,000
2	Provide a grant to Arc of AA County	0	5,500	5,500
3	Increase grant to Full Life Incorporated	3,250	5,000	1,750
4	Provide a grant to the Legal Aid Bureau	0	10,000	10,000
5	Increase grant to Noah's Ark	15,000	17,500	2,500
6	Provide a grant to OIC of AA County	0	20,000	20,000
7	Increase grant to Youth Services	87,500	100,000	12,500
8	Instructor and software for Stanton Center computer lab	0	15,000	15,000

## Changes from the FY 2003 Proposed to the FY 2003 Adopted Budget

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<i>Adjustments to Expenditures</i>		<i>From</i>	<i>To</i>	<i>Change</i>
9	Decrease the salary for Coordinator of Social Programs	63,215	53,215	(10,000)
10	Delay funding for CIP #452, Coordinated Traffic Signal Control System, to FY2004	200,000	122,750	(77,250)
<b>Adopted FY 2003 Expenditures</b>				<b>\$55,571,820</b>

## **Budget Overview**

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### **Total Financial Program:**

- The adopted operating budget for the General Fund and the seven enterprise funds totals \$55,571,820, an increase of 1.7% since last year. The FY 2003 Capital Budget total of \$43,180,485 represents an increase of 16.2% over the FY 2002 Capital Budget of \$37,167,390.

### **Major Initiatives:**

Certain major initiatives set the tone for the development of the budget. Some were key factors in the Mayor's transition teams, and others were set forth by the Mayor and Council during the budget hearing and adoption process. They are as follows:

- The focus of the City's major economic development thrust continues to be the comprehensive revitalization and redevelopment of West Street. Funding for the final phase has been provided in the FY2003 Budget. Included in the City's commitment for this area is the sponsorship of a TIF district for the construction of a parking garage at Park Place and the funding of the Knighton Garage on the West Street corridor. Including these projects and the previously completed Westgate Circle, the City has committed to over \$50 million in this economic revitalization effort.
- After the events of September 11<sup>th</sup>, security in the State's capital city became a major priority. This budget provides funding for many of the recommendations of the Mayor's transition team on security including a new Director of Emergency Management position, four new firefighters, and new equipment for the Police and Fire departments.
- A number of the Mayor's transition teams recommended more outreach and involvement in community and social related programs. A position has been established to coordinate these efforts. Affordable housing, violence prevention, drug counseling, senior services, youth programs, and assistance to the growing Latino population are some of the focus areas to be coordinated. In addition to this new position, additional funding was provided to many of the volunteer and non-profit groups who already provide services in many of these areas.

### **General Fund Highlights:**

- The adopted tax rate of 62.4 cents per \$100 of assessed value is equal to the current FY2002 rate. Due to a rise in real property value assessments of approximately 3.7%, the Constant Yield Tax Rate of 60.2 that is calculated annually by the Department of Assessments and Taxation is 60.2 cents. The constant yield tax rate represents the rate that for the coming year would generate the same amount of revenue that was generated during the current tax year. The result will be an increase of \$584,400 in budgeted property tax revenue.
- A City resident pays a combined tax rate levied by the City, Anne Arundel County, and the State of Maryland. The County tax rate is reduced for City residents because City residents do not utilize certain County services to the same extent they are used by other non-City, County residents. The cost of education, provided by the County, is the major factor in calculating the credit or tax differential. The tax rates for the last eight years based on full assessed values have been as follows:

## Budget Overview

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<i>Fiscal Year</i>	<i>City Rate</i>	<i>County Rate</i>	<i>State Rate</i>	<i>Total Rate In the City</i>	<i>County Tax Differential</i>	<i>Non-City County Rate</i>
03	0.624	0.550	0.084	1.258	0.400	0.950
02	0.624	0.556	0.084	1.264	0.404	0.960
01	0.668	0.556	0.084	1.308	0.404	0.960
00	0.672	0.540	0.084	1.296	0.404	0.944
99	0.680	0.540	0.084	1.304	0.404	0.944
98	0.672	0.548	0.084	1.304	0.404	0.952
97	0.676	0.548	0.084	1.308	0.404	0.952
96	0.692	0.516	0.084	1.292	0.436	0.952

### Personnel:

- There are 526 full-time positions, an increase of 11 full-time positions over FY 2002. This increase in City staffing includes the addition of one new City Attorney, one new Web Developer, one new Coordinator of Social and Community Programs, one new Director of Emergency Management, one new Director of Parking and Traffic, four new Firefighters, four new Bus Driver I's and the elimination of two Police Officers.
- New contracts were agreed to with the City's four unions providing a 2% cost of living adjustment and retiree health care benefits for all City employees.
- Increases in the cost of the City's health benefits, including retiree health care, resulted in a 43% increase in costs, bringing the amount budgeted from \$3,547,450 in FY 2002 to \$5,091,110 in FY 2003.

### Enterprise Fund Highlights:

- The Water and Sewer funds are Enterprise Funds which are financed and operated in a manner similar to private business enterprise where costs and expenses are recovered through user charges. These funds are not supported by tax revenues. They are required by the City Code to be self-supporting.
- The water and sewer rates passed by the City Council in March 2000 remain the same as below for FY 2003.

## Budget Overview

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### Water Rates

Minimum Charge (0-5,000 gallons)	\$12.60
5,001-35,000 gallons	1.95/thousand gallons
over 35,000 gallons	2.28/thousand gallons

### Sewer Rates

Minimum Charge (0-5,000 gallons)	\$18.19
5,001-35,000 gallons	2.82/thousand gallons
over 35,000 gallons	3.29/thousand gallons

- The City's share of the cost of operations at the sewer plant has been increased from \$2,151,300 to \$2,500,000 based on a new agreement with Anne Arundel County. The increase is due primarily to debt service cost on capital improvements being included in the contract versus the City covering these costs on a pay-go basis as in the past.
- The annual refuse collection fee will remain unchanged for FY 2003 at \$267 per year.
- No other fee increases were required in the other enterprise funds.

## **Budget Overview**

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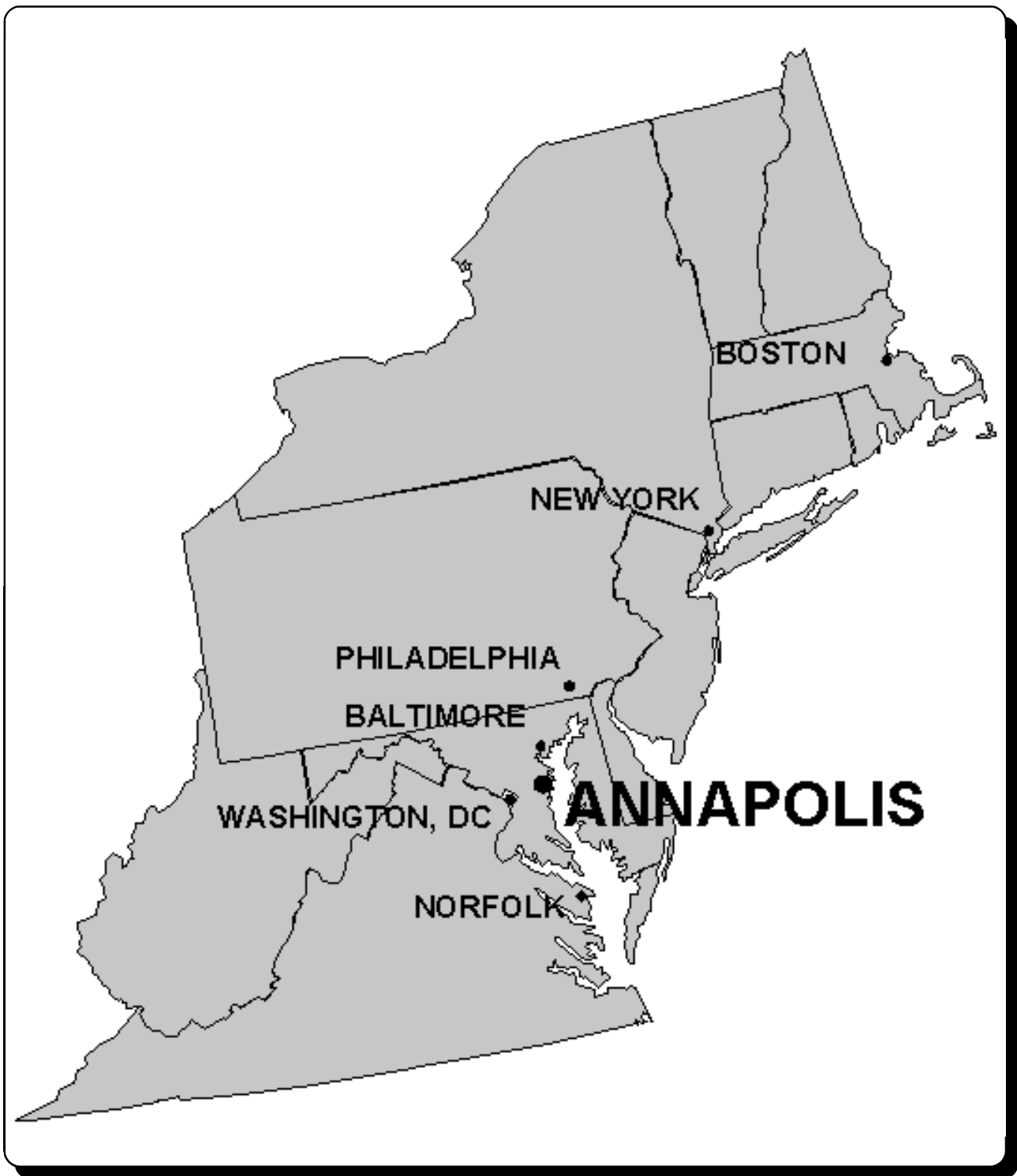
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### **Capital Improvement Program Highlights:**

- The FY 2003 - FY 2008 Adopted Capital Improvement Program (CIP) recommends a six-year \$104,634,400 program of public improvement, which represents an increase of \$754,700 over the FY 2002 - FY 2007 program.
- The program budget includes estimates for a new Park Place Garage (\$25,000,000) to be funded by a TIF district; \$7,605,000 for a new Recreation Center at Truxton Park; \$13,143,000 for the West Street Revitalization project; and \$6,825,000 for construction of the Knighton Garage.
- \$7,220,000 is budgeted for the Vehicle Replacement Program and \$765,200 for the Information Technology Replacement Program over the next six years.
- \$3,623,000 is budgeted for the replacement of the City's financial management system with a more comprehensive municipal administration package. The new system will utilize the new "push" technology and provide access via the internet for better customer service and improved community outreach.
- \$5,025,000 for a new addition and renovation to the current Police headquarters is included in the program.
- Water and Wastewater CIP projects amount to \$7,031,500 and \$12,328,150 respectively for a total of \$19,359,650.

## Regional Map

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## Community Profile

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Annapolis is an incorporated municipal corporation of the State of Maryland (the "State"), possessing substantial home rule powers under the State constitution. First settled in 1649 by Puritans fleeing Virginia, the City was chartered in 1708 and served as the capital of the United States when the Congress met there in 1783-84. The City serves both as the capital of the State and as the county seat for Anne Arundel County; and acquired home rule in 1954. Annapolis is situated on the Western shore of the Chesapeake Bay, at the mouth of the Severn River, east of and midway between Baltimore and Washington, D.C. The City has been the home of St. John's College (founded as King William's School) since 1696 and the United States Naval Academy since 1845.

The City covers an area of seven and one-half square miles. Population in 1950 was 10,047, but growth as well as annexation caused that figure to double by 1960 and more than triple by 1980. According to the 1990 Census, the population is 33,187, exclusive of the Naval Academy population of approximately 5,500. The Naval Academy constitutes a Federal enclave within the City, but is not within the corporate limits of Annapolis.

The appearance of the City is dominated by the handsome buildings of the Naval Academy and the historic State House of Maryland. In addition, there are a number of contemporary State and County office buildings which have been designed in keeping with the prevailing Georgian architecture of the community. Because of the number of residential structures of significant historic and architectural value for which Annapolis is famous, private and public groups have joined together to retain or to recapture the historic atmosphere of the community in keeping with modern urban requirements. An application to the Department of Interior to enlarge the then existing Historic District as designated on the National Register of Historic Places was approved in 1984. The Annapolis Comprehensive Plan was adopted by City Council in May, 1998.

Annapolis is served by three major highways, U.S. Routes 50/301, Maryland Route 2 and Interstate 97, which connect with the Chesapeake Bay Bridge, immediately northeast of the City. The District of Columbia is 27 miles to the west and the City of Baltimore is 27 miles to the north.

The City is governed by a Mayor and a City Council. The City is authorized to issue debt, subject to certain indebtedness limitations, for the purpose of financing its capital projects and to incur certain other indebtedness.

The executive offices of the City are located at the Municipal Building, 160 Duke of Gloucester Street, Annapolis, Maryland 21401.

The legislative body of the City is the City Council, consisting of the Mayor as the presiding officer and eight Aldermen who together comprise the City Council. One Alderman is elected from each of the eight wards into which the City is divided and must be a resident of the ward. The Mayor is elected at large. The Aldermen and the Mayor serve a four-year term, commencing in December of the year following the presidential election. The City Council has six standing legislative committees: Economic Matters, Finance, Public Safety, Rules and Government, Environmental Matters, and Housing and Human Welfare. The Mayor and Aldermen have one vote each. A simple majority is sufficient to pass legislation.

The City has independent jurisdiction over streets, street lighting, refuse collection and disposal, police, parks, harbor, off-street parking, public transportation, fire suppression and emergency services, planning and zoning, public health, water production and distribution, and sewage collection. Primary and secondary education is provided by the Board of Education of Anne Arundel County.

## Demographic and Statistical Profile

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### Community Profile:

Date of Incorporation 1708  
Form of government Mayor and Council

### Demographics:

#### Area in square miles

2002 7.50  
2001 7.50  
2000 7.50

#### Climate

Average summer temperature ( $\pm 5^{\circ}$ ) 71.9  
Average winter temperature ( $\pm 5^{\circ}$ ) 46.2  
Average annual precipitation (inches) 40.8  
Average annual snowfall (inches) 20.5

#### Population

2002 36,000  
2001 36,000  
2000 per U.S. Census 35,838  
1999 35,000  
1998 35,000  
1997 35,000  
1996 34,400  
1995 34,400  
1994 33,500  
1993 33,500  
1992 33,300  
1991 33,300  
1990 per U.S. Census 33,178  
1989 33,700  
1988 33,430

#### Median Age

2000 35.7

#### Age Composition (% in 2000)

Under 5 years 6.7  
5 - 9 years 6.0

#### Age Composition (% in 2000), continued

10 - 14 years 5.6  
15 - 19 years 5.9  
20 - 24 years 6.9  
25 - 34 years 17.7  
35 - 44 years 15.7  
45 - 54 years 14.3  
55 - 59 years 5.3  
60 - 64 years 4.0  
65 - 74 years 6.3  
75 - 84 years 4.4  
85 + years 1.3

#### Household Income and Expenditures

Average Household Income \$35,516  
Per Capita \$23,461  
% below Poverty Level 12%  
Median Housing Value  
(owner-occupied) \$137,400  
Median Mortgage Payment \$734  
Median Gross Rent  
(renter-occupied) \$602

#### Households and Housing Units

Households 15,303  
Housing Units 16,165  
Tenure  
Renter 7,398  
Vacancy Rate 3.8%  
Owner 7,905  
Vacancy Rate 1.4%

### Economics:

#### Employment by Industry (%)

Construction / Landscape 5  
Utilities 2  
Trade 17  
Fire, Insurance, and Real Estate 5  
Services 21  
Government 50

## Demographic and Statistical Profile

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### Taxes

Local Retail Sales Tax Rate	5%
Personal Income Tax Rate	5%
Corporate Excise and Income Tax	7%
Franchise Taxes:	
Financial Institutions - based on % of MD modified taxable income	7%
Public Utilities - based on % of gross receipts apportioned to MD	2%
Unemployment Compensation Tax - base rate	7.1%

### 2000 Property Tax Assessed Valuation

Primary	\$2,331,569,788
Secondary	\$123,314,226

### Building Permits

#### *Commercial*

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2001	290	\$23,978,994
2000	312	\$30,391,663
1999	271	\$13,810,889
1998	253	\$13,961,720
1997	260	\$12,432,670
1996	220	\$9,265,897
1995	279	\$15,904,944
1994	209	\$22,573,571
1993	214	\$13,246,251
1992	201	\$17,254,084

#### *Residential*

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2001	836	\$57,536,150
2000	784	\$23,582,607
1999	734	\$18,726,165
1998	699	\$17,660,208

### *Residential, continued*

1997	738	\$18,868,634
1996	697	\$19,624,695
1995	601	\$15,145,607
1994	430	\$5,630,296
1993	510	\$10,195,977
1992	407	\$7,847,265

### **Service Statistics:**

#### Fire Protection (2001)

Stations	3
Career firefighters	94
Civilian personnel	4
Volunteer firefighters	60

#### Police Protection (2001)

Stations	1
Uniformed police officers	128
Civilian personnel	42
Police vehicles	91

#### Public Works (2001)

##### *Water*

Water mains in miles	128
Water treatment plants	1
Storage tanks	4
Water consumption (annually)	1,500 MG
Number of accounts	11,859

##### *Sewer*

Sewer lines and storm drains in miles	140
Sewer treatment plant (50% owned)	1
Sewer pumping stations	23
Sewage treated (annually)	1,900 MG
Number of accounts	10,877

## Demographic and Statistical Profile

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### Utility Rates

Gas (cents/therm)	
General service	
1st 10,000 therms	15.51
additional therms	7.65
Residential	17.86
Electric (cents/kwh)	
Summer	
General service	8.036
Residential	8.398
Non-Summer	
General service	5.449
Residential	
up to 500 kwh	7.311
over to 500 kwh	5.358

### Recreation - City owned

Playgrounds and parks in acres	120
Baseball fields	5
Football fields	4
Basketball courts	11
Tennis courts	16
Playgrounds	20
Pools	1
Public Boat Ramps	12

### Education - County provided

Elementary and secondary schools	9
Elementary school enrollment	2,305
Middle school enrollment	1,075
High school enrollment	1,250
Colleges:	
U.S. Naval Academy enrollment	4,000
St. John's College enrollment	500

### Education - County provided, continued

Anne Arundel Community College enrollment	15,000
Graduates continuing education	83%
Classes at or below desired student/teacher ratio	85%

### Health Care Facilities

Anne Arundel Medical Center	
Beds	303
Physicians	340
Birthing Center	
Magnetic Resonance Imaging Center	
Oncology Center	
Outpatient Surgery Center	
Community Health Education Center	
Outpatient Radiology Center	

### Major Events

Maryland State Legislature	
in Session	January - April
Waterfront Festival	April - May
U.S. Naval Academy Commissioning	May
Independence Day Fireworks	July
Wine Festival	July
Maryland Seafood Festival	September
Anne Arundel County Fair	September
Maryland Renaissance Festival	September - October
U.S. Sailboat Show	October
U.S. Powerboat Show	October
Chesapeake Appreciation Days	October
Christmas Lights Parade	December
First Night Annapolis	December

## **The Budget Process Schedule**

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### **November**

- Finance prepares Preliminary Revenue Estimates
- Finance prepares Operating and Capital Budget Instructions

### **December**

- Finance distributes Operating Budget, Capital Budget, and Enhancement Instructions

### **January**

- Departments submit Enhancement Requests
- Departments submit Operating and Capital Budget Requests

### **February**

- Department Operating Budget and Enhancement Requests reviewed by Mayor

### **March**

- Finance prepares Operating and Capital Budgets

### **April**

- Administration informs Departments of Enhancement decisions
- Mayor's Proposed Operating Budget submitted to Council and Finance Committee
- Budget Legislation to Council for First Reader
- Finance Committee holds Public Hearings on the Mayor's Proposed Operating and Capital Budgets with Department Directors
- Council Public Hearing held on Proposed Operating Budget

### **May**

- Finance Committee recommendations on the Mayor's Proposed Operating Budget to the Council

### **June**

- Council adopts the FY 2003 Operating Budget
- City Council adopts the FY 2003 - 2008 Capital Improvements Program

### **July**

- Fiscal Year 2003 begins on July 1, 2002

## The Budget Development Process

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- continued -

### **Budget Adoption:**

The City Charter requires that the Mayor submit a proposed budget (for all funds except the Internal Service Fund, the Pension Trust Fund and the Special Revenue Fund) to the City Council no later than the second Monday in April of each year for the fiscal year commencing the following July 1st. The Finance Committee makes recommendations on the budget to the full City Council. The City Council conducts public hearings on the budget. No later than June 30th, the budget is legally enacted through passage of a budget ordinance which establishes spending authority by fund for the operations of the City. The level on which expenditures may not legally exceed appropriations is the fund level and budget revisions at the fund level require City Council approval.

### **Budget Revisions:**

**Approval for Changes:** Because it is the City Council that establishes the original operating and capital budgets, it is the City Council that must approve changes to it. Members of the Council are appointed to the Finance Committee to do the business of hearing requests for budget changes, evaluating them, and making recommendations to the Council with regard to them.

**Procedure for Changes:** Because there needs to be a document setting forth each request for a change to the budget, the Finance Office has devised what it calls a budget revision form. This form specifies which line-item budgets are being changed and by how much - and it provides an explanation of, and a justification for the transaction or circumstances that have necessitated the budget change(s). It also provides for the signature of the department director making the request, the signature of the Finance Director affirming the sufficiency of funds supporting the

change, and the signature of the Mayor and his recommendation to the Finance Committee relative to the action it should take with the request.

### **Budget Basis:**

The budgets of general government type funds are prepared on a modified accrual basis. Under this basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for debt service which is recognized when due.

The Comprehensive Annual Financial Report (CAFR) is prepared on the basis of Generally Accepted Accounting Principles (GAAP). In most cases this conforms with the way the budget is prepared, with the following exceptions. In the General Fund, the budget basis differs from GAAP in that the budget basis reflects encumbrances as the equivalent of expenditures. GAAP reflects encumbrances only as reservations of fund balance. Also, under the budget basis, interfund transfers are considered the equivalent of revenues and expenditures of the affected funds. In addition, new capital leases are recorded as expenditures and other financing sources only on a GAAP basis. The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.

The enterprise funds (Water, Sewer, Off Street Parking, Dock, Market, Transportation, and Refuse) are budgeted on a full accrual basis. This means that revenues are recognized when they are earned, i.e. water use fees are recognized as revenue when bills are produced, and expenditures are recognized when the liability is incurred.

## The Budget Development Process

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### *Fiscal Year 2003 Budget Calendar*

<i>Date</i>	<i>Responsibility</i>	<i>Action</i>
12/3/01	Finance	Distribute Operating Budget instructions
12/10/01	Department Directors	CIP Preliminary Project Set-Up Sheets due to Finance
12/28/01	Department Directors	Enhancement Requests due to Finance
1/11/02	Department Directors	Operating Budget submissions due to Finance
1/22/02 - 1/24/02	Department Directors/Mayor/Finance	Operating Budget submissions and Enhancement requests reviewed by Mayor
1/29/02	Department Directors/Mayor/Finance/Central Services	CIP Project Set-Up Sheets reviewed by Mayor, Finance and Central Services
4/8/02	Mayor/Finance	Mayor's Proposed Operating Budget submitted to City Council per City Code. Budget legislation to Council for First Reader
4/15/02 - 4/25/02	Finance Committee/Department Directors/Finance	Finance Committee public hearings on Mayor's Proposed Budget
4/29/02	City Council	Public Hearing on Proposed Operating Budget
5/13/02	Finance Committee/Finance	Finance Committee's Recommended Budget Changes submitted to City Council.
6/10/02	City Council	Adopt FY 2003 Operating Budget and FY 2003-2008 Capital Improvements Program
7/1/02	Finance	Adopted FY 2003 Operating Budget and Capital Budget goes into effect